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Report Highlights:

India rejects EU demand to include social clauses in FTA discussions, *Failure of a pulses deal with Burma could prove costly to India*, *GEAC to prepare fresh protocols for Bt Brinjal*, *Minister says India will back Copenhagen Accord*, *U.S. duty hike puts seafood exports in troubled waters*, *Price of timber imports rise 10% as freight rates increase*, *Tardy progress on food parks irks industry*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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INDIA REJECTS EU DEMAND TO INCLUDE SOCIAL CLAUSES IN FTA DISCUSSIONS

India has rejected a European Union demand to include social clauses such as labor and environmental standards in the proposed Free Trade Agreement (FTA), saying there are other forums to discuss these issues. Responding to the EU Trade Commissioner, Mr. Karel De Gucht's recent statement that he was hopeful of addressing social issues in the FTA with India through "appropriate language," Indian Commerce Secretary, Dr. Rahul Khullar said "There are certain non-negotiables for us. If they (EU) don't accept FTAs without social clauses, then I would say tough luck." He said at present the proposed India-EU pact is not even called an FTA, adding, "It is only called a broad-based bilateral trade and investment agreement." This implies a very gradual approach to India's liberalization of trade in goods and services with the 27 member countries of the EU. (Source: Business Line, 03/12/10)

FAILURE OF A PULSES DEAL WITH BURMA COULD PROVE COSTLY TO INDIA

The Indian government may have to import pulses through small tenders after it officially scraped plans to procure three quarters of a million tons of pulses from Burma. The deal was to import urad (black matpe), mung beans, and tur (pigeon pea) "at reasonable rates." However, the regime at Rangoon insisted on an advance non-U.S. dollar cash payment of over Rs. two billion for the imports. The GOI was however keen on using the balance of trade route, instead, especially as advance cash payment violates G-to-G deal terms. Myanmar produces 2.7 million tons of pulses annually while its domestic consumption is only 0.5 million tons, making it an ideal exporter to India, where pulse demand is very high. (Source: Economic Times, 03/04/10)

GEAC TO PREPARE FRESH PROTOCOLS FOR BT BRINJAL

Indian Biotech regulator Genetic Engineering Approval Committee (GEAC), in consultation with eminent scientists, will prepare fresh protocols for specific tests to establish safety of Bt brinjal (eggplant), the government said. Replying to a query, Environment Minister, Mr. Jairam Ramesh, told the Rajya Sabha (the Upper House of the Parliament) that a moratorium on Bt brinjal has been imposed till independent scientific studies establish health safety to the satisfaction of both the public and professionals. (Source: Business Line, 03/09/10)

MINISTER SAYS INDIA WILL BACK COPENHAGEN ACCORD

India has formally agreed to be associated with the Climate Change Accord struck in Copenhagen last December. Making a *suo motu* statement in Parliament, Environment Minister, Mr. Jairam Ramesh, said India has agreed to being listed in the preamble of the Copenhagen Accord subject to certain conditions. "Our decision to be listed will strengthen our negotiating position on the climate change," he said. (Source: Business Line, 03/10/10)

U.S. DUTY HIKE PUTS SEAFOOD EXPORTS IN TROUBLED WATERS

India's largely export-oriented seafood sector suffered a major setback as the U.S. Department of Commerce hiked the anti-dumping duty on shrimp exports from India by almost 300 percent. Frozen shrimp exports constitute almost 44 percent of the value of India's total seafood exports. The U.S. actions could have a deleterious effect on the numerous aquaculture farms spread all over coastal India. The bulk of India's frozen shrimp is exported to the U.S. (Source: Financial Express, 03/11/10)

PRICE OF TIMBER IMPORTS RISE 10% AS FREIGHT RATES INCREASE

With increased consumption in China and rising freight charges, imported timber has become costlier by at least 10 percent over the past six months. Freight charges for importing timber from Malaysia, New Zealand and African countries rose by 8 to 10 percent in the past two quarters. In addition, a two percent increase in excise duty is pushing up prices of plywood, and other wood family construction and furniture material. Manufacturers are finding it difficult to pass along the price increase to end-users. About 70 percent of India's timber consumption is met by imports, close to 17 million cubic meters in 2008. In the domestic market, the availability of timber from forest auction and privately-owned land had been decreasing. Commercial cultivation of timber is discouraged in India, and due to restrictions

by the government, there is a perception of scarcity of timber. (Source: Business Standard, 03/09/10)

TARDY PROGRESS ON FOOD PARKS IRKS INDUSTRY

The Indian government, in order to give a big boost to the food processing sector, proposed to set up five more mega food parks in the Union budget for 2010-11. However, the industry, which is unhappy with the progress of food parks, thinks this is likely to remain a dream. The Secretary of the Agro and Food Processing Technology and Equipment Providers Association of India (AFTPAI), said that "no concrete measure has been taken so far by the government as promised in the previous budgets for the sector. The proposed five mega food parks are almost a distant dream. In reality, there are only two food parks which are working as of date (Jharkhand Mega Food Park in Ranchi and Swami Ramdev Baba Food Park in Haridwar). In addition proper infrastructure, which facilitates the sector in some way or the other, is not in place." Industry sources say that the delay is due to lack of basic infrastructure, market linkages and state regulatory aspect for agri-processing units. (Source: The Indian Express, 03/11/10)

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